

Minutes of the Finance Committee

Wednesday, September 21, 2011

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl, Ted Rolfs, Bill Zaborowski, Dave Falstad, Jim Heinrich, and Pamela Meyer. **Absent:** Rob Hutton.

Also Present: Chief of Staff Mark Mader, Administration Director Norm Cummings, Waukesha County Economic Development Corporation (WCEDC) Executive Director Bill Mitchell, Barbara Eckblad of Wisconsin Women's Business Initiative Corporation (WWBIC), Dave Kircher of Wisconsin Business Development Finance Corporation, Bart Adams of Kolb & Company and Committee Chair of Business Development with Waukesha County Business Alliance, Information Systems Manager Mike Biagioli, Accounting Services Manager Larry Dahl, Principal Financial Projects Analyst Cindy Behrens, Senior Civil Engineer Ed Hinrichs, Senior Civil Engineer Karen Braun, Treasurer Pam Reeves, Land Resources Manager Perry Lindquist, Office Services Coordinator Lisa Lake, Consumer Horticulture & Community Development Educator Ann Wied, Labor Relations Manager Jim Richter, Senior Financial Analyst Bill Duckwitz, Budget Management Specialist Linda Witkowski, Engineering Services Manager Gary Evans, and Buildings Operations Manager Mark Keckeisen. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of 9-7-11

MOTION: Falstad moved, second by Zaborowski to approve the minutes of September 7. Motion carried 6-0.

Review Correspondence

Copies of the following Finance Committee agendas were distributed: October 5, 11, 12, 19, 20, and 31.

Announcements

Regarding upcoming Finance Committee meetings, Falstad said he could not attend on October 19 and will be about an hour late on October 11. Rolfs advised he could not attend on October 5.

Chair's Executive Committee Report of 9-8-11 & 9-19-11

Haukohl highlighted the following items from the last two Executive Committee meetings.

- Reviewed and approved capital projects. Regarding Information Technology projects, some minor changes/corrections were made; there were not many new initiatives. The courthouse study was moved from 2014 to 2013.
- Reviewed and approved various ordinances which are on today's agenda.
- Passed Ordinance 055 to establish new wording for employee grievance procedures.
- Adopted the final version of the Supervisory district map in Ordinance 051.

Ordinance 166-O-054: Create Waukesha County Small Business Leverage Loan Program

Cummings, Mitchell, Adams, Eckblad, and Kircher were present to discuss this ordinance as outlined which involves creating a small business gap funding program for Waukesha County. The

program will be aimed at small businesses already established in the County who wish to expand operations within the County. Qualifying businesses will be able to borrow up to \$50,000 at no interest for a maximum of three to five years. At the end of the loan, the borrower will either pay back the principal or convert to an interest-bearing short-term loan. Proceeds from interest and principal repayments will be retained by the program to make additional loans subject to approval by the County Board. A third party administrator will participate in the group with approval authority for the loans.

Funding for the program will come from amounts no longer required by Tax Incremental Districts (TIDs) that are returned to the County. The initial funding for the program is estimated at about \$300,000 to be appropriated in the 2012 Non-Departmental budget request. The County received over \$800,000 from TID's over the past three years. Administration and foregone interest costs for the program are estimated at about \$29,000 for the first five years. Subsequent changes to the program capital base will be addressed in future budget processes. No direct tax levy impact is anticipated from this ordinance.

Cummings noted that the County does not typically get involved with this type of business but due to current economic conditions, initiatives have begun in other states to help businesses succeed. Objectives include helping small established businesses get to the next level and increase tax revenues and employment. Cummings is hopeful these businesses will choose to stay in Waukesha County because of the relationship that has developed with the County/municipality due to the program.

Mitchell said the best research says we need to focus on driver or high growth/high impact industries such as manufacturing, technology, and distribution. If you nurture these industries and make resources available to them, the feeder industries, such as hospitality and retail, will also benefit. If we focus on growing sectors all other sectors will be pulled along from an economic development standpoint. For every job a large manufacturer creates, three additional new jobs will be created within the economic food chain.

Adams gave examples of how a \$50,000 loan could help a business grow and create jobs. He said banks are less risk adverse than a few years ago. Banks want to partner now with, for example, the SBA (Small Business Association) which allows banks to extend credit. SBA and bank rules allow up to 90% of what a business needs and then there is a gap - \$100,000, for example. It is difficult for businesses to obtain that gap money because it is often tied up in equity and assets. This program can help businesses secure that remaining gap funding.

Kircher spoke of the difficulty of securing a bank loan in the current economy. He noted that this program can help those businesses that are not eligible for Mitchell's programs.

Eckblad explained the financing and loan process which would include approval from the Department of Administration. A representative from WCEDC would also be involved. Each loan would be referred to Waukesha County for final approval and funded with Waukesha County TID dollars. Cummings advised that the agreement would be public although details of the financing prior to the approval process would not, similar to the County's contract procurement process. Cummings said "we will get a big bang for the buck and we will get some good applicants."

Haukohl said some Executive Committee members were concerned that these TID funds were taxpayer dollars. Eckblad noted that \$300,000 is the maximum and there are other sources of

money that are not County funds. To address Haukohl's concerns, Eckblad said the selection process will be objective and open to everyone. Rolfs said generally this is a good idea but was concerned about government red tape. Cummings replied that the process will be far less onerous than Mitchell's programs require. Rolfs believes successful businesses are obtaining financing elsewhere and banks are often competing for their business. Cummings said that is not what he is hearing. Eckblad agreed with Cummings and said a few years ago, businesses would have had no problem getting a loan but that is not the case today. The \$50,000 is the gap piece and is part of a larger package that will be looked at by a bank. Kircher said these businesses will have a track record of success. Cummings indicated that he will report back to the County Board as to which aspects of the program have been successful, employment data, to whom the loans are being made, etc. To answer Haukohl's question, Cummings replied that administrative costs will equal about \$1,000 per loan. Zaborowski was highly supportive of the program. Meyer asked where would these TID funds have gone otherwise? Cumming said for one-time expenditures which are included in the budget book. Rolfs felt there were still many unanswered questions and does not believe the program will be as successful as they believe. While he will not vote in favor today, he may support it on the board floor.

MOTION: Heinrich moved, second by Zaborowski to approve Ordinance 166-O-054. Motion carried 5-1. Rolfs voted no.

Contract Procurement Process for the Financial Management Information System (FMIS) – Capital Project #200619

Biagioli and Dahl were present to discuss this item. Biagioli indicated that the contract was awarded to New World Systems, the highest rated proposer, for a total contract cost of \$1,182,892 for five years. The first year cost is \$849,895 and the first year budgeted amount was \$1,575,000. Four vendors submitted RFP's for consideration.

MOTION: Rolfs moved, second by Falstad to approve the contract procurement process for the Financial Management Information System (FMIS) – Capital Project #200619. Motion carried 6-0.

Contract Procurement Process for Construction Management Services: CTH L, Lannon Drive to Moorland Road – Capital Project #200011

Hinrichs and Evans were present to discuss this item. Hinrichs advised that the contract was awarded to R.A. Smith National, the highest rated proposer, for a total contract cost of \$347,820. The budgeted amount was \$600,000. Ten vendors submitted RFP's for consideration.

MOTION: Rolfs moved, second by Zaborowski to approve the contract procurement process for construction management services: CTH L, Lannon Drive to Moorland Road – Capital Project #200011. Motion carried 6-0.

Contract Procurement Process for Right of Way Acquisition: CTH L – Capital Project #200011

Braun, Hinrichs, and Evans were present to discuss this item. Braun said the contract was awarded to Single Source, Inc., the highest rated proposer, for a total contract cost of \$37,400. The budgeted amount was \$90,000. Four vendors submitted RFP's for consideration.

MOTION: Rolfs moved, second by Falstad to approve the contract procurement process for right of way acquisition: CTH L – Capital Project #200011. Motion carried 6-0.

Update on In-Rem Foreclosure Actions

Reeves said in July the County went to court and acquired 14 properties in tax foreclosure, ten of which were homes and four consisted of vacant land. Per County ordinance, for those property owners who pay their back taxes plus interest and penalty, the County will re-title their property to them. Of those 14 properties, eight have since been re-titled to their owners. The County will ultimately end up with two residential properties and four vacant land pieces. Reeves referred to her handout titled "Properties Acquired in 2011 – Foreclosure of 2007 and Prior Year's Taxes" which included information on two acquired properties in the City of Waukesha, and one each in the Village of Lannon, City of New Berlin, Town of Eagle, and Town of Vernon.

MOTION: Falstad moved, second by Meyer to accept the report on In-Rem foreclosure actions. Motion carried 6-0.

Ordinance 166-O-052: Authorization To Use CDBG-EAP 2008 Flood Grant Funds To Purchase And Demolish Single Family House At 729 Marshall St, Waukesha, WI 53186 And To Sell Resulting Deed Restricted Non-Buildable Lot

Lindquist and Braun were present to discuss this ordinance. Lindquist indicated \$120,000 of CDBG funds will be used to purchase, demolish, and sell a property located at 729 Marshall St. which was damaged by the 2008 floods. The lot will be owned by the County and will be sold or given away and any proceeds from the sale will be returned to the CDBG-EAP Program. Repairs to the home would have exceeded the home's value. Lindquist explained the extent of the damage to the home, including failing basement walls. While the home is on a floodplain (which was not the case until it was remapped in 2008), the damage appears to have occurred due to high levels of rain/groundwater and not from the river.

Braun indicated an appraisal was completed which resulted in an offer of \$120,000 to the homeowners, pending County Board approval. Lindquist noted that the appraisal must be based on pre-disaster condition. The owners accepted the offer and are also eligible for relocation benefits totaling \$29,900 which would allow them to purchase a similar home in the same school district. They are also eligible for moving and temporary housing costs. The owners are currently residing in a rental home until they can find a permanent home.

MOTION: Heinrich moved, second by Zaborowski to approve Ordinance 166-O-052. Motion carried 6-0.

Ordinance 166-O-053: Authorize Waukesha County University Of Wisconsin Cooperative Extension Office To Accept And Appropriate The Greater Milwaukee Foundation Grant For Healthy West Side Neighborhood Initiative

Wied and Lake were present to discuss this item. Lake explained this ordinance to accept a multi-year grant (third year award) to continue the Healthy West Side Neighborhood Initiative in the City of Waukesha. The grant period runs through June 30, 2012. Staff are planning to spend \$9,232 of the \$25,000 grant in 2011. UW-Extension's 2011 adopted budget already includes revenues and expenditure authority to cover much of the staffing costs associated with this project, estimated at \$5,294. However, the 2011 budget does not include spending authority to cover remaining costs, estimated at \$3,938.

MOTION: Heinrich moved, second by Falstad to approve Ordinance 166-O-053. Motion carried 6-0.

Ordinance 166-O-056: Employee Retention/Severance Salary And Benefits For 2012

Richter noted that this ordinance is brought forward each year and authorizes the benefit program for County employees laid off in 2012 and it parallels what the County has approved in previous years. It does not cover employees who terminate their employment voluntarily.

Richter indicated under the proposed retention/severance proposal, regular full-time employees will be eligible for three weeks of pay if employed with the County for less than three years, six weeks of pay if employed for three to ten years, and nine weeks of pay if employed for more than ten years. In addition, regular full-time and part-time employees would be eligible for up to four months of the County contribution toward the health plan they are enrolled in at the time of termination. Involuntarily terminated employees with a minimum of ten years of creditable service in the Wisconsin Retirement System who elect to retire will receive a contribution to their Retirement Health Savings Plan equivalent to 65% of their accumulated sick leave. Terminated employees would also be eligible to participate in the Tuition Assistance Program for one year after being laid off.

Richter said it is anticipated that the retention/severance appropriation of \$95,000 in the proposed 2012 Non-Departmental budget will be sufficient to cover the associated costs. If it is determined at year-end 2011 that more will be eligible in 2012 than the \$95,000 budget will fund, a carryover of will be included in the 2012 carryover ordinance from expected severance funds available in the 2011 budget. Any costs related to the tuition assistance benefit will be absorbed in the 2012 Human Resources budget.

MOTION: Heinrich moved, second by Zaborowski to approve Ordinance 166-O-054. Motion carried 6-0.

Review Revenues Section of the 2012-2016 Capital Projects Plan

Witkowski explained how the revenue sources will be used for capital projects as listed on page 3 of the spreadsheet of the Capital Projects Plan.

Review and Discuss the 2012–2016 Capital Projects Plan Relative to Public Works

Item #6 (Health & Human Services Building)

Haukohl noted that funds from 2013 and 2014 were moved forward. Keckeisen said the new maintenance facility is currently under construction and should be done by the end of the year at which time the old maintenance facility will be vacated. He indicated \$2 million was moved from 2014 to 2011 so they can install new sanitary sewer lines, electric, telephone lines, etc. This will all be done in the fall of this year so in the spring we can demolish the existing maintenance building and start construction of the new Human Services building. Keckeisen advised that this project is under budget.

Item #15 (UWW Boiler, Chiller & Controls Replacement) & Item #16 (UWW Roofing Upgrades)

Keckeisen said these County-owned buildings are 45-years old and are in need of infrastructure and mechanical equipment upgrades. Earlier in the year, State UW System and County staff discussed long-term plans for the facility. The State has invested money at other facilities to improve energy efficiency and they want to do the same thing at UW-Waukesha. This project included \$3.3 million for boilers, chillers, and controls at the central heating plant. In addition, all of the mechanical equipment at that campus is 40 to 45-years old and will need to be

addressed at some point. The State should pay for these upgrades in mechanical equipment but it will take time to determine how much and when. The roofing project is more than \$4 million and will be paid for by the County as staff believe it is important to protect our infrastructure. We will be moving this project ahead of Project #15 as it needs to be done now. When we are done with the roofing we will see what the next steps are with the State. Keckeisen referred to this as a "swap." There is no energy payback on roofing but the money will be used to reduce electric and gas consumption. The State is financing a detailed audit of the entire campus to identify those items that would have reasonable payback and then upgrade that particular equipment. The State will pay for this through reductions in energy consumption by keeping their energy bills flat and then use the savings to pay off the loan. This plan will allow for vast improvements in our buildings plus it will ultimately reduce energy costs for the State.

Item #25 (Waukesha West Bypass)

Haukoht noted there were some changes with this project with regards to how we will finance the State Department of Transportation's (DOT) portion of this project. Evans said because we are using federal dollars, we would buy the land and for the first \$3.6 million we would be reimbursed 80%. For the next \$2.6 million, which is the State's share, we would be reimbursed 100%. Also, the USEPA and Army Corp of Engineers have requested further study of discounted routes. Evans explained the bypass route taking into consideration relocation and acquisition costs, grading, and traffic and environmental issues.

MOTION: Zaborowski moved, second by Rolfs to adjourn at 11:30 a.m. Motion carried 6-0.

Respectfully submitted,

Pamela Meyer
Secretary